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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
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1. VEB Kirow, Leipzig, consists of two plants. Plant I is located in Leipzig-Plagwitz, on Naumburger Strasse; Plant II is in Boehlitz-Ehrenberg, Leipzig. The commercial and technical administrations are both located at Plant I.
2. Travelling cranes, metallurgical cranes, elevators and end tip cars and great cranes are manufactured at Plant I. Railroad rotary cranes of 10, 25, 50 and 100 tons, and 150-ton side tip cars are manufactured at Plant II.
3. The Kirow plant will take over part of the production of the Werk fuer Landmaschinenbau (formerly Waggonfabrik Weimar) in 1954. According to the chief designer of VEB Kirow, preparations were being made for the production of steam-powered cranes (DAMRA) and diesel-powered cranes (DIMRA), both with caterpillar tracks.
4. The following table shows the chief products of VEB Kirow in 1953 and amounts of each sold in that year.

<u>Items</u>	<u>No of Items</u>	<u>Price per item</u>	<u>Total amount</u>
Railroad rotary cranes (100 tons)	3	1,300,000 DME	3,700,000 DME
Railroad rotary cranes (50 tons)	50	1,100,000 DME	258,000 DME
Railroad rotary cranes (25 tons)	180	275,000 DME	12,900,000 DME
Railroad rotary cranes (10 tons)	1	198,000 DME	49,500,000 DME
Travelling cranes	130	200,000 DME	198,000 DME
Metallurgical cranes	60	250,000 DME	26,000,000 DME
Elevators	600	25,000 DME	15,000,000 DME
"Ulmoggreifer"	40	9,000 DME	15,000,000 DME
Side tip cars	2	4,500,000 DME	360,000 DME
End tip cars	5	60,000 DME	9,000,000 DME
Plate-straightening machines	1	200,000 DME	300,000 DME
Packing material	-	-	200,000 DME
Miscellaneous	-	-	11,400,000 DME
			1,000,000 DME
			134,558,000 DME

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(NOTE: Washington distribution indicated by "X"; Field distribution by "#".)

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5. Approximately 90% of production was sent to the USSR, 5% to East German plants and the remaining 5% to the other satellite countries. Only a very small part of the products sent to the USSR were charged to reparations: 10% of the total amount sent. Another 40% was handled as export deliveries through DIA, while the remaining 40% were sent as so-called government orders (Regierungsauftraege) and were accounted for by Section VII of the Ministry of Material Procurement. (sic). The remaining 10% were recorded as so-called profit deliveries (Gewinnlieferungen).
6. The products which were sold inside East German included a few travelling cranes and elevators for VEB's and six railroad rotary cranes for the Reichsbahn.
7. One 100-ton railroad rotary crane was sent to Bulgaria. Some 50-ton railroad rotary cranes, elevators, and travelling cranes were sent to Poland.
8. The electrical equipment required for the cranes was almost exclusively obtained from Elektroapparatewerk Stalin, Berlin - Treptow in 1953. The sole supplier of diesel motors, which are required for railroad rotary cranes, is Buckau-Wolf, Magdeburg. The chief supplier of the gears was VEB Wetzell, Leipzig. Because the gears frequently did not meet with requirements, the Administration of SAG Transmasch decided to have the plant under NTO I (formerly Pittler), produce gears for VEB Kirow. Production of gears was already in progress by the end of 1953 in the hall constructed for this purpose.
9. The construction of crane carriages for the railroad rotary cranes was shifted in 1953 from the Waggonfabrik Dessau to Waggonfabrik Weimar (now known as the Werk fuer Landmaschinenbau). In March 1954, source heard that VEB Kirow was going to take over the construction of carriages for railroad rotary cranes itself, because Waggonfabrik Weimar was to go into some other kind of production.
10. On 1 January 1954, the raw materials inventory of VEB Kirow stood at about 12,500,000 DME, while the uncompleted products inventory stood at 8,700,000 DME.
11. As of 1 January 1954, the fixed capital of the Kirow plant amounted to a total of 12,000,000 DME. On the other side of the ledger, a plant evaluation of 1,500,000 DME was entered.
12. In 1953, a Mechanical Workshop Building valued at 3,500,000 DME was put into operation, which makes it possible to carry out all necessary mechanical work in the plant itself.
1. Comments: The following remarks apply to the prices indicated in the table of 1953 production at VEB Kirow:
 - a. The prices of 275,000 DME for 25-ton and 258,000 DME for 50-ton railroad rotary cranes are fixed prices, but, because of improper methods in the plant administration, the production costs cannot be figured exactly. However, it has been determined through checking and analyzing costs that these cranes were being sold at practically no profit at all because the prices and costs were just about identical.
 - b. The 10-ton and 100-ton railroad rotary cranes were considered as priority products and the prices for them were based on manufacturing costs.
 - c. The prices for elevators were based on the 1944 prices plus an additional charge of 40%. The plant was also allowed to add 10% of the sales price of elevators for packing costs. It was determined that the production costs of the elevators were higher than the selling price and that the elevators were being sold at a loss. At a meeting of the plant directors, it was decided, at the suggestion of the head of the elevator department, to check the work norms carefully and to discuss reduction of production costs with "progressive" workers.
 - d. Until 1952, the plant had fixed prices on the basis of kilograms of weight for travelling cranes and metallurgical cranes. However, these prices no longer were sufficient, and in 1953 the plant obtained permission to base

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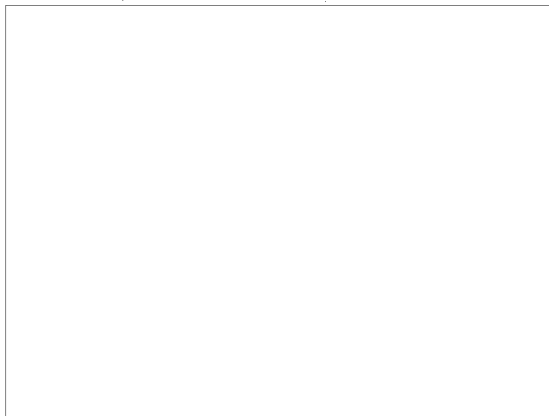


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prices on production costs. Since it was impossible to obtain reliable figures in this way, the production costs of railroad rotary cranes and elevators were figures in with the cost calculations of travelling cranes and metallurgical cranes.

- e. Both in 1952 and 1953, the Kirow plant worked without making a profit. The small profits indicated by the official records did not actually exist, as is shown by the fact that in 1954 VEB Kirow had to make a special report of loss in the amount of 3,100,000 DME to be written off by the Ministry of Heavy Machine Construction.



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